



Bill Owens  
Governor

**Colorado Department of Local Affairs**

Barbara Kirkmeyer  
Acting Executive Director

**DIVISION OF PROPERTY TAXATION**

JoAnn Groff  
Property Tax Administrator

TO: Colorado State Assessed Property Taxpayers

FROM: JoAnn Groff  
Colorado Property Tax Administrator

SUBJECT: 2006 Capitalization Rate Meeting

DATE: April 17, 2006

---

**MEMORANDUM**

Thank you all for your rate study submissions and comments regarding the Colorado Division of Property Taxation's preliminary 2006 capitalization rate study. Your comments were thoroughly considered as we established the final industry capitalization rates.

I also want to reiterate my comment at the meeting regarding the responsibility of the Division's State Assessed Section in establishing company values. I do not believe that our purpose is to maximize state assessed values. It is our policy to determine values that are accurate, fair, and defensible for all state assessed companies. Your participation makes that goal more attainable.

During and after the meeting, requests were made to include floatation costs in Colorado's capitalization rates. After a quick review with staff, I realized that this is not a simple decision, and we need more time to seriously and thoroughly analyze this request. Consequently, I have decided not to allow flotation costs for 2006.

However, after the August 1<sup>st</sup> valuation deadline, State Assessed staff will research the issue of the inclusion of floatation costs and provide me with an analysis of the "pros and cons". Part of this analysis will be a review of existing Colorado court cases that bear on our ability to include these costs (we have to know if we can before we decide if we should!) To enable us to ultimately make an educated decision, I anticipate establishing either a task force or at least a meeting where business can participate in a thorough discussion of this issue and provide input. I would like to conclude that discussion by October of this year, and plan on reaching a decision no later than January 1, 2007. If you have suggestions or would like to be included in any industry discussion of this issue please let me know. (I will start a file!)

To all of you that participated, thank you again for providing us the input that helped us refine Colorado's capitalization rate study for 2006. I hope to continue the DPT's tradition of open channels of communication to discuss any issues regarding state assessments. Thank you all for your willingness to work with the Division towards making our state assessed process understandable and fair in Colorado.

